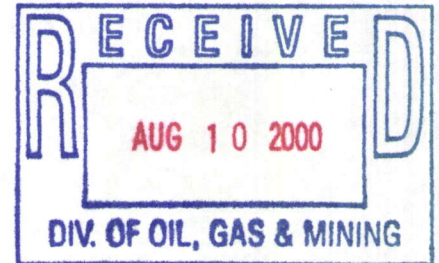


TOOELE COUNTY COMMISSION

Tooele County Courthouse, 47 South Main, Tooele, Utah 84074
Phone: (435) 843-3150 ♦ FAX (435) 843-3400

July 25, 2000



Lee R. Brown
Magnesium corporation of America
238 North 2200 West
Salt Lake City, Utah 84116

Dear Mr. Brown:

It has been brought to our attention that the State of Utah is considering adjusting the amount of reclamation bond MagCorp has provided to the State with respect to the Knolls facility. It has also been brought to our attention that Magcorp would be willing to allow Tooele County to obtain the facilities at Knolls when Magcorp's lease with the State expires, or should Magcorp abandon the facility, thus making a reclamation bond unnecessary.

The purpose of this letter is to inform Magcorp of Tooele County's intention to accept Magcorp's proposal, including all buildings, structures, and ponds should Magcorp cease operations.

If you have any further questions, please feel free to contact us.

Sincerely,

TOOELE COUNTY COMMISSION

Teryl Hunsaker,
Chairman

Gary M. Griffith

Dennis L. Rockwell

Commissioners: Teryl Hunsaker, Chairman; Gary M. Griffith, Dennis L. Rockwell
Administrative Assistant: Cheryl Adams